

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

THOMAS MITCHELL JOHNSON,

Respondent.

**AFFIDAVIT OF SERVICE AND
NON-RESPONSE**

Docket No. SD-06-0032

I, Pam Radzinski, first being duly sworn, depose and state as follows:

1. I am the Executive Secretary for the Department of Commerce Division of Securities (the Division).
2. As executive secretary for the Division, I am responsible for supervising the mailing of the Division's Orders to Show Cause and for receiving any responses filed by respondents.

3. On August 7, 2006, the Division mailed, by certified mail, an Order to Show Cause (OSC) to Thomas Mitchell Johnson, along with a Notice of Agency Action (Notice), advising that a default order would be entered if he failed to file a written response to the OSC within thirty (30) days of the mailing date of the Notice.
4. On August 14, 2006, the Division received notice from the United States Postal Service (USPS) that the OSC and Notice were successfully delivered to the Los Angeles County Jail, where Mr. Johnson was held temporarily as an inmate.
5. On August 21, 2006, the Division received notice from USPS that they were unable to deliver the OSC and Notice to Mr. Johnson's last known residence in California.
6. On August 22, 2006, Division investigator, Diana Parrish, hand-delivered a copy of the OSC and Notice to Mr. Johnson at the Third District Court in Salt Lake County, where he was attending a hearing.
7. As of the date of this Affidavit, the Division has not received a response from Thomas Mitchell Johnson.

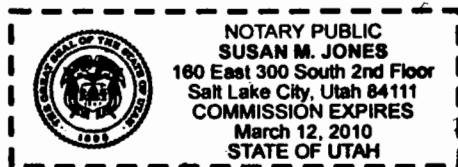
DATED this 14th day of September, 2006.


PAM RADZINSKI
Executive Secretary

SALT LAKE COUNTY)
) ss
STATE OF UTAH)

Signed and subscribed to before me this 14th day of September, 2006


Notary Public



Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**THOMAS MITCHELL JOHNSON,

Respondent.**

**NOTICE OF ENTRY OF
DEFAULT AND ORDER**

Docket No. SD-06-0032

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Show Cause and Notice of Agency Action dated July 31, 2006, against Thomas Mitchell Johnson (Johnson or Respondent). At a hearing held September 8, 2006, the presiding officer, Wayne Klein, held Johnson in default for failing to reply to the July 31, 2006 Order to Show Cause (OSC).

II. FINDINGS OF FACT

1. On August 7, 2006, the Division mailed, by certified mail, an Order to Show Cause (OSC) to Thomas, along with a Notice of Agency Action (Notice), advising that a default

order would be entered if he failed to file a written response to the OSC within thirty (30) days of the mailing date of the Notice.

2. On August 14, 2006, the Division received notice from the United States Postal Service (USPS) that the OSC and Notice were successfully delivered to the Los Angeles County Jail, where Johnson was held temporarily as an inmate.
3. To be sure that service on Johnson was accomplished, on August 22, 2006, a Division investigator hand-delivered a copy of the OSC and Notice to Mr. Johnson at the Third District Court in Salt Lake County, where he was attending a hearing.
4. At a September 8, 2006 hearing, the presiding officer held Johnson in default for failing to file a response to the OSC by the imposed deadline.
5. Johnson's last known address is in Los Angeles County, California. Johnson represents himself to be the CEO of a private investment banking firm called Zurich Capital Holding, Inc. Zurich Capital Holdings, Inc. is located at 468 N. Camden Dr. Suite #300, Beverly Hills, California, but is not registered as a business entity in California, or in Utah.
6. In April 2005, Johnson arranged a meeting with Rashid Qajar (Qajar), the founder of Telsecure Europe¹, and told Qajar he was interested in purchasing \$2-3 million of

¹ Telsecure Europe is represented to be a company headquartered in the United Kingdom with an office in Canada. According to its website, Telsecure develops technology used to verify and authenticate a purchase when a debit or credit cardholder is not present at the time of making the purchase via the Internet or by mail order and telephone order. *Telsecure* (visited June 5, 2006) <<http://www.telsecure.com/about.htm>>.

Telsecure stock. At Qajar's request, Johnson filled out a purchaser subscription agreement, but he did not purchase Telsecure stock, nor did he give Qajar or Telsecure money for the purchase of stock.

7. In early April 2005, Johnson introduced Utah investor (Investor) to an investment opportunity in Telsecure. Johnson told Investor Telsecure was a great investment opportunity, and that Telsecure owned technology used to "secure merchant bank service transactions." Johnson also told Investor he owned the rights to offer and sell Telsecure stock in the United States.
8. In April 2005, Johnson offered Investor the opportunity to purchase 1% interest in Telsecure for \$50,000. Johnson told Investor that 1% of Telsecure was actually worth \$100,000, and that Investor would receive the \$100,000 within 2 to 4 months of investing.
9. Investor traveled to California several times to meet with Johnson, and Johnson traveled to Utah to meet with Investor regarding the investment opportunity in Telsecure.
10. Investor told Johnson he had \$45,000 available but he would need the money in a few months to pay for a sewer line in a mobile home park he owned in California. Investor told Johnson he had permit problems with the mobile park home in California and emphasized that his investment had to be liquid and returned when needed. Johnson told Investor that liquidity would not be a problem, and that Investor's investment would be available when and if Investor needed it.

11. Investor told Johnson he needed 100% guarantee that he could get his investment returned when necessary. Johnson assured Investor it would not be a problem because Telsecure was scheduled to “get funded” within a few months.
12. On April 15, 2005, Investor invested in Telsecure by giving Johnson a check from his E-Trade account for \$10,000. Johnson instructed Investor to make the check payable to “Dansco².” Johnson did not tell Investor what Dansco was, or why it was to receive his investment funds. Investor’s investment check was deposited into Dansco’s bank account shortly thereafter.
13. On April 15, 2005, Investor received a letter from Johnson on Zurich Capital Holdings, Inc. letterhead, which acknowledged receipt of a \$10,000 deposit on a \$100,000 interest in Telsecure.
14. On April 28, 2005, Investor made a second investment in Telsecure by giving Johnson a check from his E-Trade account for \$35,000. Johnson again instructed Investor to make the check payable to “Dansco.” Investor’s investment check was deposited into Dansco’s bank account shortly thereafter.
15. About three months after investing, Investor tried to contact Johnson, but he would not return Investor’s telephone calls.

² Dansco is not a registered entity in California or Utah, and prior to the filing of the OSC, nothing was known about its business purpose. Since the filing of the OSC, the Division has learned that Dansco was a company owned and operated by Dayna Mayo, the sister of Thompson’s girlfriend.

16. Investor eventually made contact with Johnson, and Johnson promised Investor he would have his money the following week.
17. As of the date of this OSC, Investor has received nothing from his supposed investment in Telsecure, arranged by Johnson.

Misrepresentations and Omissions

18. In connection with the offer and sale of a security to Investor, Johnson, directly or indirectly, made false statements to Investor, including, but not limited to, the following:
 - a. That he owned the rights to offer Telsecure stock in the United States, when, in fact, Johnson never “owned” such rights, was never employed by Telsecure in any capacity, Telsecure is not a publicly traded company, and Telsecure sells its shares through the company alone;
 - b. That Investor’s investment was in Telsecure stock, when, in fact, Telsecure never received Investor’s money;
 - c. That Investor’s investment in Telsecure was liquid and could be returned whenever Investor needed it, when, given that Johnson was not employed by Telsecure in any capacity, did not invest Investor’s funds in Telsecure, and had a criminal history which included grand theft, Johnson had no reasonable basis on which to make this representation;
 - d. That a return on Investor’s investment would not be a problem because Telsecure was scheduled to “get funded” within a few months, when, given that Johnson

was not employed by Telsecure in any capacity and did not invest Investor's funds in Telsecure, Johnson had no reasonable basis on which to make this representation; and

- e. That Investor could purchase 1% interest in Telsecure for \$50,000, and receive a profit of 100% within 2 to 4 months, when, given that Johnson was not employed by Telsecure in any capacity, he had no reasonable basis on which to make this representation.

19. In connection with the offer and sale of a security to Investor, Johnson failed to disclose material information, including, but not limited to, the following:

- a. That Johnson had twice been convicted of grand theft of property in California, once in 1986, and again in 1994, and served a total of 16 months in California State Prison.
- b. Some or all of the information typically provided in an offering circular or prospectus regarding Telsecure, Dansco, and Zurich Capital Holding, Inc., such as:
 - i. The business, operating histories, and relationships of Telsecure, Dansco, and Zurich Capital Holding, Inc.;
 - ii. Where Investor's \$50,000 would be held, and under what conditions;
 - iii. Identities of the principals for Telsecure, Dansco, and Zurich Capital Holdings, Inc., along with their experience in this type of business;

- .
- iv. Whether Johnson was licensed to sell securities;
 - v. Agent commissions or compensation for selling the investment;
 - vi. Financial statements for the companies;
 - vii. The market for the product of the companies;
 - viii. The nature of the competition for the product;
 - ix. Current capitalization of the issuer of the securities;
 - x. A description of how the investment would be used by the business;
 - xi. Risk factors for investors;
 - xii. The number of other investors;
 - xiii. The minimum capitalization needed to participate in the investment;
 - xiv. The disposition of any investments received if the minimum capitalization were not achieved;
 - xv. Discussion of pertinent suitability factors for the investment;
 - xvi. The proposed use of the investment proceeds;
 - xvii. Any conflicts of interest the issuer, the principals, or the agent may have with regard to the investment; and
 - xviii. Whether the investment is a registered security or exempt from registration.

III. CONCLUSIONS OF LAW

20. The service of the OSC and the Notice initiating these proceedings is valid upon Johnson.

21. Because Johnson did not file an answer or written response he is in default.
22. The stock offered and sold by Johnson is a security under the Utah Uniform Securities Act (the Act).
23. In connection with the offer and sale of a security, Johnson made untrue statements of material fact to an investor.
24. By this conduct, Johnson violated § 61-1-1(2) of the Act.
25. In connection with the offer and sale of a security, Johnson omitted to state to an investor various material facts which were necessary to make the statements made not misleading.
26. By this conduct, Johnson violated § 61-1-1(2) of the Act.

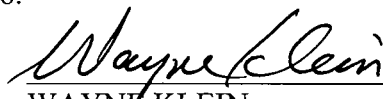
IV. ORDER

Based on the above, the Director hereby:

1. Declares Thomas Mitchell Johnson in default for failing to respond to the OSC and Notice issued July 31, 2006.
2. Enters, as its own findings, the Finding of Fact described in Section II above.
3. Enters, as its own conclusions, the Conclusions of Law describe in Section III above.
4. Finds that Thomas Mitchell Johnson willfully violated the Utah Uniform Securities Act by:
 - a. Making material misrepresentations in connection with the offer and sale of a security in Utah in violation of § 61-1-1(2); and

- b. Omitting to disclose material information in connection with the offer and sale of a security in Utah in violation of § 61-1-1(2).
5. Orders Thomas Mitchell Johnson to permanently CEASE and DESIST from any violations of the Act.
6. Orders Thomas Mitchell Johnson to pay a fine of fifty thousand dollars (\$50,000) to the Division by December 15, 2006.

DATED this 22nd day of September, 2006.


WAYNE KLEIN
Director, Division of Securities



Pursuant to § 63-46b-11(3), Respondent may seek to set aside the Default Order entered in this proceeding by filing such a request with the Division consistent with the procedures outlined in the Utah Rules of Civil Procedure.

Certificate of Mailing

I certify that on the 23RD day of ~~September~~^{OCTOBER}, 2006, I mailed, by certified mail, a true and correct copy of the Notice of Entry of Default and Order to:

Thomas Mitchell Johnson
3341 Wedgewood Lane
Burbank, CA 91504

Certified Mail # 7006 01000001 7688 9050

ANNA RADZINSKI
Executive Secretary